BEFORE THE SECRETARY OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

Milk in the Central Marketing Area; November 14-15, 2001 Hearing on Proposals to Amend Certain Pooling and Related Provisions	)	**Docket No.** AO-313-A44; DA-01-07

BRIEF AND PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW FILED ON BEHALF OF DEAN FOODS COMPANY

INTRODUCTION

Dean Foods Company[1] files this Brief and Proposed Findings of Fact and Conclusions of Law with respect to the "pooling" provisions of the Central federal milk marketing Order Number 32 (7 C.F.R. Part 1032). Dean Foods also joins in a separate Brief filed in this proceeding regarding the issue of the pooling of milk that is also pooled on a marketwide equalization pool maintained by a state government. Pooling provisions of federal milk orders, because they determine which producers share in the monies paid for milk, are generally viewed as most directly affecting the rights of dairy producers. However, the handlers who pay for the raw milk, in particular Class I handlers who pay the highest prices for raw milk, are also affected by pooling decisions made by the United States Department of Agriculture (the "Department"). The Department's charge is to establish and maintain orderly marketing conditions. 7 U.S.C. § 602(1). In order to meet this statutory obligation, the basic tenets of the federal milk order

1 At the time of the hearing, November 14-15, 2001, the testimony and appearances were made with respect to this Brief by Suiza Foods Corporation. On December 21, 2001, subsequent to the closing of the Record, but prior to the filing date for the Brief, Suiza Foods Corporation merged with Dean Foods Company. The combined company is called Dean Foods Company. Official Notice is requested of this publicly traded merged entity. *See* Attachment I (News Release December 21, 2001). The merger does not impact this proceeding except to the limited extent of the change in name, and the fact that in addition to the plants listed in the testimony of Mr. Ernest Yates at Tr. 385, Dean Foods Company also operates the Dean Foods plant in Sioux Falls, South Dakota listed in Exhibit 5, Table 8.

system are: (a) the setting of an adequate price intended to bring forth a sufficient supply of fluid milk and (b) uniformity of treatment of handlers and producers.

At issue in this hearing are the rules that determine which producers and under what circumstances those producers may share in all the minimum price proceeds paid by handlers pursuant to the Central Order. These pooling provisions were adopted most recently through the process known as Federal Order Reform, an informal rulemaking process required by Congress and resulting in a significant reduction, primarily through merger, of the number of federal milk orders. Through this consolidation process, it appears that USDA often adopted the most liberal provision for pooling selected from any one of a number of orders merged together regardless of whether the provision was actually necessary or used at the time (*i.e.*, 1999). This process of "one from each column" has actually created disorderly marketing conditions as noted by numerous witnesses at the Central Order hearing.

Dean Foods operates a number of fluid milk plants on the Central Order. With certain modifications discussed at the hearing and in this Brief, Dean Foods supports the efforts of its dairy farmer suppliers to insure that the money it pays for milk are shared among those producers who can, do and are able to serve the Central Order's fluid milk market needs. Dean Foods takes no position on the one non-pooling provision proposal regarding the so-called advance payment (Hearing Notice, Exhibit 1, Proposal No. 6). Dean Foods' position on Proposal Numbers 7 and 8 can be found in the separate Brief regarding double pooling. Dean Foods takes no position on Proposal Number 9.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Dean Foods proposes the following findings of fact and conclusions of law and requests that the Department make a ruling on each proposed finding under the provisions of the Administrative Procedure Act, 5 U.S.C. § 557(c):

A. Dean Foods Company

1. At the time of the hearing, Dean Foods operated 7 predominantly Class I pool distributing plants throughout Order 32. Tr. 385; *see also* note 1, *supra*.

2. Dean Foods's ability to obtain raw milk for Class I bottling and its resulting raw milk procurement costs are tied directly to pooling provisions of the federal milk orders. When money paid for milk is spread more widely to producers not regularly serving the Class I market, producers shipping to the Class I market necessarily look to Class I processors to make up the difference outside the federal order minimums. Tr. 385-387.

3. Therefore, Class I processors have a pecuniary interest in the outcome of this hearing. Simply put, it is their money paid for their raw milk receipts that create the economic incentives over which dairy farmers are in dispute. Other fluid processors raised these concerns. Tr. 225-227, Tr. 323-333 and Tr. 532-535.

B. The Central Order Problem - Disorderly Marketing

4. The new Central Order following federal order reform has created special challenges with respect to relative blend prices. AMS in federal order reform believed that the new Central Order would have a 50% Class I utilization (Proposed Final Rule, 64 Fed. Reg. at page 16072). Instead Central Order Class I utilization of 28.6% for 2000 and 25.4% for the first

nine months of 2001 are far below that predicted Class I utilization level. Tr. 385-386. This difference in Class I utilization has real world impacts.

5. The Dean Foods Land-O-Sun operation in O'Fallon, Illinois is an example of the problem faced both by Class I processors and their dairy farmer suppliers. While the Class I Differential at the Land-O-Sun facility remained virtually unchanged ($2.01 pre-federal order reform and $2.00 post federal order reform), it is significant that the post federal order reform blend price returned to dairy farmers at that location relative to dairy farmers delivering to plants regulated on Orders 5 and 7 has deteriorated significantly. Tr. 386. (Compare Exhibit 6, English No. 10, Evansville, IN to St. Louis, MO $0.38 blend price difference in favor of Evansville in 1998, $0.64 in 1999, $1.80 in 2000 (first year of federal order reform) and $1.18 for first 10 months of 2001.) Dean Foods now has difficulty procuring milk for that location even though prior to federal order reform there was never any such difficulty in procuring milk at that location. *Id*.

6. Other parties also testified concerning this new, significant problem in the Central Order. *See* Testimony of Gary Lee on behalf of Prairie Farms Dairy, Inc., Tr. 322-333 and Ex. 16; and Testimony of Tim Mueller on behalf of Mid States Dairy, Tr. 532-535. Significantly, Prairie Farms in the Summer of 2001 was unable to obtain their full regular milk supply at federal order prices plus prevailing over-order charges despite attempting to obtain that milk from several sources. Tr. 329. The emergency nature of the problem and the nature and extent of the problem itself can be drawn from two paragraphs of Prairie Farms testimony:

> The return on Order 32 is currently not high enough to attract milk to base zone plants without substantial over-order premiums. At the same time, the return in the base zone is not high enough to keep nearby milk supplies from seeking markets on Order 5 and Order 7.
>
> If the Department feels that milk should flow north to south, they [sic] have created a problem in Southern Illinois and Eastern Missouri. Producer milk located in this area is trying to go south, but northern milk supplies do not want to

> flow into the area, and let me add that the north to south milk can come in a packaged form as well as in a raw milk bulk form. Some Midwestern processors are well positioned to supply the dairy product needs of consumers in the Southeast.

Tr. 330.

7. The loss of local milk in Missouri and Illinois to other marketing areas is also illustrated on Table 11 of the Market Administrator's Exhibit 5. For Illinois, for the first 9 months of 2001, milk produced in Illinois and pooled on Order 32 is down 46,479,764 pounds or 5%. Similarly milk produced in Missouri and pooled on Order 32 is down 68,705,064 or 20%.

8. With federal order reform, Dean Foods has a nearly identical Class I differential, but a significantly lower blend price at O'Fallon. Dean Foods is paying essentially the same, but has a lot less potential to attract a milk supply. Dean Foods does not object to the present level of price, if that is needed to encourage an adequate supply, but at least some of the dollars that it is paying should be used to attract milk to our plant. Unfortunately this does not occur. Tr. 387.

9. This disorderly marketing problem is replicated in southern and western portions of Order 32 where Prairie Farm's operation in Chandler, Oklahoma must compete for a raw milk supply against Order 126 handlers and Dean Foods' operation in Delta, Colorado must compete for a raw milk supply against Order 135. The Order 126 Dallas blend price advantage over Chandler, Oklahoma has grown from $0.15 in both 1998 and 1999 to $2.10 in 2000 and $0.68 for the first ten months of 2001. The Delta relative blend price advantage over Salt Lake City has moved in the opposite direction, shrinking from $0.73 and $0.76 in 1998 and 1999 to $0.08 in 2000 and $0.16 for the first nine months of 2001. Ex. 6, English Table 10.

10. The Central Order problem is significant and pervasive. The Department should and indeed cannot ignore it. While this hearing is a legitimate attempt to deal with some of the underlying problems resulting in lowered blend prices, Dean Foods believes that the solutions

proposed largely deal with the problem at the margins, and in some instances, discussed below, create new problems. The real question is whether federal order reform, as a result of legislative action, has resulted in a federal order which is so large, geographically diverse, and subject to such different market conditions as to be unwieldy. Stretching 1,223 miles west to east from the Meadow Gold facility in Grand Junction, Colorado to the Prairie Farms plant in Olney, Illinois and 600 miles north to south from the Dean Foods facility in Sioux Falls, South Dakota to the Hiland Dairy plant in Chandler, Oklahoma, the Central Order's resulting blend prices at the various locations, cause, rather than alleviate, disorderly marketing.[2]

C. Pooling Provisions

11. There was general agreement among the Order 32 historically associated participants (e.g. dairy farmers, their representatives and Class I processing handlers) favoring in one form or another tightening the pooling provisions of Order 32. Disagreement by these hearing participants, as discussed below, centered on which provisions to tighten and how tight to make them. When combined with the nature and extent of the "Central Order Problem" discussed above, this agreement among the historically associated members of industry should be given great weight by the Department. Quite simply, disorderly marketing conditions now exist that require immediate emergency action, and the proposals discussed in this Brief and in the supplemental Brief concerning double pooling of milk, while not curative of the overall problem, will alleviate the existing disorderly marketing conditions.

[2] While adoption of proposals that make distant milk perform (or choose not be on the pool) should result in a higher Class I utilization and thus higher blend prices overall, Dean Foods doubts that adoption of these proposals will in any real way deal with the problems we face in attracting a milk supply at O'Fallon. As discussed above, Dean Foods has a similar problem in attracting milk to the Delta facility in western Colorado, again a problem that did not exist prior to federal order reform. Ultimately the question for USDA with respect to the legislative command that federal orders decrease, rather than increase, disorderly marketing conditions is whether the Central Order meets the Declared Policy of the AMAA. Dean Foods urges immediate and emergency consideration of both the issues in this hearing and the larger issue that we raise today.

12. Exhibits 5 and 6 and Tr. 177-180, 188, 322-325 and 385-387 indicate that there is plenty of Grade A milk being produced within Order 32, but it is not reaching fluid processors on competitive or uniform terms. The decisions of the Department and the case law that have resulted from 60 years of regulation establish that the "sufficient supply of milk" standard is a fluid milk measurement that requires steps to assure that fluid milk processors can obtain milk competitively based upon uniform pricing.[3] Nonetheless with a sufficient supply of milk, the fluid needs of the market may not always be served by an order system that encourages an excess reserve supply of milk to be associated with the market. Pooling provisions that are too loose are thus as likely to disrupt the market as provisions that are too tight. The inevitable conclusion is that present circumstances are disruptive because the provisions are too loose.

13. Federal Order Reform and the resulting order provisions were principal issues at the hearing. That Reform process provided for pooling of milk based upon the theory that all existing suppliers should remain pool sources: "The *pool supply plant* definition of the consolidated Central order contains provisions that assure continued pool qualification of any handlers or milk currently associated with the markets included in the consolidated Central market." 64 Fed. Reg. 16026 et seq. at 16157 (April 2, 1999) ("The Proposed Rule"). The Proposed Rule then continues at some length to discuss the unique characteristics of the several merged orders that are incorporated into the new merged order. *Id*. Neither the industry nor the Department in the heat of the controversies pricing controversies generated by the Reform process appear to have extrapolated to the logical result of this "one from each column" approach.

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[3] *See generally Borden v. Butz*, 544 F. 2d 312, 316 (7th Cir. 1976) (the primary purpose of a minimum fixed price system "is to bring forth an adequate supply of pure and wholesome milk" [for Borden's bottling operations of fluid milk]). *See also Schepps Dairy v. Bergland*, 628 F.2d 11, 17 (D.C. Cir. 1979).

14. Unfortunately, the result of these seemingly innocuous comments was that very large regional orders with multiple pooling options resulted in significant non-historically associated milk supplies suddenly becoming available to be associated with new milk orders. Ex. 5, Tables 11, 12 and 13. Dean Foods does not take issue with the decisions made by various entities "using" these pooling provisions. Rather it is the obligation of the Department to establish and maintain orderly marketing conditions. Having uncovered the issues and facts that give rise to them, the Department is obligated statutorily to fix the problem.

15. Twenty-one months of operating under Federal Order reform has revealed that at least as to the Central Order, this policy has resulted in significant erosion of producer returns to those producers actually serving the fluid market on a regular basis. Class I processors pay the same regulated minimum prices regardless. The difference is that less of that regulated minimum price is returned to the producers shipping to the Class I market as more of the money is spread more widely to producers not regularly serving the Class I market. Tr. 323-333. This then forces Dean Foods or Prairie Farms to offer prices higher then the regulated minimums in order to receive the needed milk. Tr. 328-329 and Paragraph 6, *supra*. While the existence of some over-order premiums does not in and of itself proof of disorderly marketing conditions, at some level when the required amount becomes so large, the lack of uniformity in pricing that results undermines the basis for federal orders and does become disorderly marketing. Moreover, Prairie Farms' testimony establishes that milk was unavailable for certain periods of 2001 **at any price**. *Id*. That quite simply is disorderly marketing as discussed below.

D. Orderly Marketing Conditions

16. Individual dairy farmers who testified at the hearing all supported tightening pooling provisions, although again, they may have asked for varying degrees of tightening. Tr.

109-113, 116-121, and 368-374. These producers all serve the fluid market and yet their funds have been subject to significant erosion as shown in Ex. 9, Table 16. The federal pricing structure already creates too little incentive for producers to deliver milk to fluid distributing plants. Absent the Department's immediate and emergency action with respect to the proposals submitted, what little incentive there is to deliver milk to fluid plants will largely evaporate.

17. The unanticipated negative impact on blend prices as a result of excess pooling of milk not delivered to the market (sometimes called "paper pooling") is best illustrated by comparing the Department's predicted results from Federal Order reform with the actual results in 2000 and 2001. In 1997, prior to Federal Order Reform, 996.7 million pounds of milk were associated with the Orders now consolidated into new Order 32. 64 Fed. Reg. at 16072, c.1. The six states of Iowa, Colorado, Missouri, Kansas, Illinois, and Oklahoma accounted for 71 percent of the producer milk associated with the consolidated Order 32. *Id*. Moreover, Class I utilization was expected to be 50% of the market. 64 Fed. Reg. at 16072, c.2.

18. By September, 2001, however, the total milk pooled on Order 32 had grown from the expected 996.7 million pounds to almost 1,408 million pounds - an increase of 41.2%. Only 623 million pounds or 44.3% of the milk pooled on Order 33 in September 2001 was produced in the six states of Iowa, Colorado, Missouri, Kansas, Illinois, and Oklahoma down from the expected 71%. Ex. 5, Table 12. Some of this decreased percentage from these six states is attributable to the fact that milk produced in the southeastern portion of consolidated Order 32 and in counties of Missouri now part of Order 7 that is now associated with Orders 5 or 7. Based upon 996.7 million pounds and a 71% six-state production, the present production of 623 million pounds in those six states would have been 62.5% of the expected number, representing a 8.5% drop due to the milk no longer serving this market. The remaining drop from 62.5% to 44.3% of the market is attributable to non-historical association of milk supplies.

19. The addition of 411-plus million pounds to the pool all from sources almost entirely located outside the marketing area suggests the need to examine the underlying assumptions made by the Department in Federal Order reform. There was no evidence provided by any witness that this additional supply of milk constitutes a reasonable and necessary reserve for the fluid market or that the Department intended this milk from outside the marketing area to be pooled on this order without actually serving the fluid market. The Department should find that these facts, resulting in depressed blend prices, constitute a sufficient changed circumstance to enable it to make the necessary amendments. In fact, these reduced blend prices directly impact fluid milk handlers ability to attract milk to their plants. This undermines the Department's determination that the price she has set for milk is sufficient to bring forth an adequate supply of fluid milk for the fluid market.

20. The failure to insure that milk is delivered to these fluid distributing plants, notwithstanding the fact that they pay the highest regulated price and the fact that an adequate supply of milk is obviously associated with this market, is a disorderly marketing condition in and of itself.[4] The Department is charged with establishing and maintaining orderly marketing conditions. 7 U.S.C. § 602(1). Therefore, the Department is obligated to take action as requested at the hearing in order both to establish and maintain orderly marketing conditions - that is the proper sharing of milk proceeds among those producers actually ready, willing and able to serve the fluid market in the Central Order.

E. Proposals

21. Dean Foods supports proposals 1 through 5 as modified herein. Specifically:

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4 *See e.g. Kyes v. United States*, 369 F.2d 714, 716-717 (Ct. C1. 1966), *cert. denied*, 387 U.S. 929 (1967) (fundamental objective of AMAA is to effect an orderly exchange of commodities in interstate commerce to protect both the interest of the consumer and the purchasing power of the farmer.)

(a) Dean Foods takes strong exception to the proposal that shipments to 7(e) plants that are not also 7(a) plants should be qualifying shipments with respect to shipping percentages. The relatively large non-Class I volume of milk associated with such 7(e) plants is far different from the relatively small non-Class I volume associated with 7(a) plants. Permitting those large Class II operations that do not pay the Class I differential to receive shipments as qualifying shipments would greatly reduce the actual need for qualifying shipments of milk made to Class I pool distributing plants. Tr. 390. A critical difference also exists as to those stand alone Class II operations. The operators of these facilities are able on a monthly basis to elect whether or not to participate as part of a unit, and thus determine monthly whether or not that plant is going to participate in the pool. Tr. 409-410. This voluntary pooling of these Class II operations distinguishes those plants so significantly from primarily Class I operations that it would be unfair and inequitable, to the point of creating new disorderly marketing conditions, to permit shipments to those operations to qualify in the same manner as shipments to Class I operations. Moreover, with the exception of the Upper Midwest Order, Dean Foods finds that all other federal orders require that qualifying shipments be made only to true Class I operations. 7 C.F.R. § 1032.7(a) or (b). Dean Foods' unchallenged testimony at the hearing was that in making decisions to increase or decrease shipping percentages for qualifying shipment purposes, market administrators traditionally only look at Class I milk shipments at primarily Class I plants. Tr. 390. The fact that Class II shipments are not included in that determination belies the claim of the stand-alone operators that they are being treated differently.[5]

[5] Finally, unlike the changed circumstances that give rise to the call for this hearing and the need to correct existing disorderly marketing conditions, proponents of permitting shipment to stand alone Class II operations to qualify for shipping percentages cannot tie this proposal to changed circumstances. Even the Department's liberal pooling conclusions of Federal Order Reform did not give rise to the result now requested even though "[h]andlers have argued that the operator of a free-standing manufacturing plant that manufactures these complimentary products should be able to pool its milk supply for both (or for several) plants as if all of the products were made in the bottling plant." 64 Fed. Reg. at 16157, c.2. The Department has thus effectively decided against what is now requested. As such, any change in regulatory treatment here, absent proof of disorderly marketing conditions,

(b) The so-called free ride months during which no performance to the fluid market is required should be eliminated. Performance as measured by deliveries of milk to fluid milk plants can and should be measured monthly. As a practical matter, once performance becomes a monthly requirement, both processors and producers will be better able to plan deliveries based upon the need for milk in the fall months when milk is short. "Pooling of milk must be tied to performance. There is no justification to permit pooling of all milk on the Central Order regardless of the location where produced, unless that milk is actually a viable source and available to the fluid market that generates the pool dollars." Tr. 389.

(c) The month of August should be treated as a "short month" for purposes of both shipping percentages and diversion limits. With the summer stress negatively impacting supply and the opening of schools increasing demand for fluid milk, it is wholly rational to include August among the fall months when milk is short. Tr. 323 and 328.

(d) The Market Administrator's Exhibit 6, English No. 2 acknowledges that no plants are presently qualified under cooperative supply plant definition. 7 C.F.R. § 1032.7(d). The provision should be eliminated as unnecessary and unjustified. Tr. 390-391.

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requires extra scrutiny and an especially reasoned analysis for changing course now under the strictures of *Motor Veh. Mnfrs. Ass'n v. State Farm Ins.*, 463 U.S. 29 (1983).

(e) Shipping percentages should be both realistic and real. Diversion limitations should also be realistic and real. Present order provisions permit "pyramiding" of pooled milk such that the delivery of 1,000,000 pounds of 7 C.F.R. §1032.9(c) milk to a 7 C.F.R. §1032.7(a) handler can qualify up to 15,000,000 additional pounds of distant milk that is never delivered to a pool distributing plant. Such pyramid pooling defeats the mechanism for establishing realistic and real shipping percentages and should be abolished.

(f) Dairy farmers should be required to make actual deliveries of milk to pool plants. Meaningful touch base provisions provide handlers with assurance of performance to the market while simultaneously protecting dairy farmers. Without a meaningful touch base requirement, individual producer suppliers do not actually have to perform. Dean Foods favors such individual performance.

F. Emergency Conditions

16. The statistics submitted in Exhibits 5, 6 and 7 together with the testimony of affected dairy farmers, their representatives and the handlers affected establish the emergency conditions requiring immediate action by the Department. Prairie Farms, Mid States Dairy and Dean Foods' problems in receiving an assured milk supply are overwhelming evidence of disorderly marketing conditions crying out to be fixed to the extent possible. Notwithstanding the more than sufficient supply of milk for fluid needs, dairy farmers are justifiably concerned about the significant and ongoing erosion in their income. Faced with the reality of falling prices nationally for manufactured products, federal order prices will be falling in the immediate future. Only prompt and emergency action from the Department can avoid further loss to these farmers and the non-delivery of milk to Class I processors resulting in new and greater disorderly

marketing conditions. The Department is urged to omit a Recommended Decision and to act immediately to "establish and maintain" orderly marketing conditions in the Central order.

CONCLUSION

For the foregoing reasons, Dean Foods urges adoption of the proposals 1 through 5 as modified and as discussed in this Brief. Emergency action is necessary in order for the Department to operate the Central Order according to its statutory requirements.

Respectfully submitted,

Charles M. English, Jr.
Wendy M. Yoviene
Thelen, Reid & Priest, L.L.P.
701 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20004

Attorneys for Dean Foods Company

(202) 508-4000

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ATTACHMENT I

Dean Foods (ticker: DF, exchange: New York Stock Exchange) News Release - 21-Dec-2001

Suiza Foods and Dean Foods Complete Merger

DALLAS and FRANKLIN PARK, Ill., Dec 21, 2001 /PRNewswire via COMTEX/ --

Combination Creates Dairy Processing and Distribution Leader Servicing Over 150,000 Customers Coast-to-Coast Via More Than 6,000 DSD Routes Merged Company Will Be Named Dean Foods Company (NYSE: DF) and Will Have Annual Revenues of Approximately $10 Billion

Suiza Foods Corporation (NYSE: SZA) and Dean Foods Company (NYSE: DF) today completed their merger that was announced on April 5, 2001. The combined company, to be called Dean Foods, will have approximately $10 billion in annual revenues and will be the nation's leading processor and distributor of fresh milk and other dairy products and a leader in the specialty foods industry. With operations in 39 states, the combined company will have a total of 129 plants and will service more than 150,000 customers coast-to-coast via a direct-store-delivery system of more than 6,000 routes. Dean Foods will be headquartered in Dallas, and the combined company will trade as DF on the New York Stock Exchange effective Monday, December 24, 2001. The company's fiscal year end will be December 31.

"We are extremely pleased to have completed the merger, and we will be intently focused on integrating the companies in 2002, bringing together our complementary operations quickly and delivering on the promise of this merger for our customers, shareholders and employees," said Gregg Engles, Dean Foods Chief Executive Officer. "We are committed to providing our customers with the best possible products and services, our shareholders with enhanced value and our employees with greater growth opportunities."

"The merger is an important step in our company's history," said Howard Dean, Chairman of the Board of Dean Foods. "We are very excited about the prospects for the combined company, and I am grateful to all of the individuals who have helped make this combination a reality."

Upon closing, legacy Dean Foods shareholders will receive $21.00 in cash and 0.429 shares of the new Dean Foods Company for each share owned.

In connection with the merger, the company repurchased its 33.8% stake in Suiza Dairy Group that was owned by Dairy Farmers of America, Inc. (DFA) for approximately $145 million in cash, the ownership of 11 plants and a $40 million contingent note. As a result of this transaction, all of Dean Foods' dairy operations are now 100% owned by the company's shareholders.

Simultaneously with the closing, the merged company replaced former credit facilities and closed and funded a new credit facility with borrowing capacity of up to $2.7 billion, approximately $1.9 billion of which was borrowed at closing. An $800 million revolver remained undrawn and will be used for general corporate purposes and future acquisitions.

A conference call to discuss the merger and the new company's outlook for 2002 will be held at 10:00 a.m. EST on Thursday, January 10, 2002. Interested parties may listen to the live webcast by visiting the company website at www.deanfoods.com and clicking on "Webcasts."

About Dean Foods:

Dean Foods Company is the nation's leading processor and distributor of fresh milk and other dairy products, and a leader in the specialty foods industry. The company produces a full line of company-branded and private label dairy products such as milk and milk-based beverages, ice cream, coffee creamers, half and half, whipping cream, whipped toppings, sour cream, cottage cheese, yogurt, dips, dressings and soy milk. The company is also a leading supplier of pickles and other specialty food products, juice, juice drinks and water, and has holdings in the consumer goods packaging industry. The company operates 129 plants in 39 U.S. states and 3 countries, and employs more than 30,000 people.

click here for Transaction Fact Sheet

Dairy Group

Branded and private label fresh, flavored, single serve and extended shelf life fluid milk, organic milk, ice cream and novelties, sour cream, cottage cheese, dips and yogurt, half-and-half, coffee creamers, juice drinks and bottled water

Brands: kidsmilk and fitmilk(R), Adohr Farms(R), Alta Dena(R), Barbe's(R), Barber's(R), Bell/Gandy's(TM), Berkeley Farms(TM), Brown's Dairy(TM), Broughton(R), Country Charm(R), Country Fresh(R), Creamland(TM), Dairy Gold(R), Dairy Ease(R), Dean's(R), Fieldcrest(R), Flav-O-Rich(R), Gandy's(TM), Garelick Farms(R), Lehigh Valley Farms(R), London's(R), Maplehurst(R), Mayfield (R), Meadow Gold(R), McArthur(R), Meadowbrook(TM), Milk Chug(R), Model Dairy(R), Oak Farms(R), Poudre Valley(R), Price's(TM), Purity(TM), Reiter(TM), Robinson (R), Schenkel's All Star Dairy(TM), Schepps(R), Shenandoah's Pride(R), Louis Trauth Dairy(R), T.G.Lee (R), Tuscan(R), Verifine(R), Wengert's(R) and West Lynn Creamery(R). Licensed products include Borden(R), Land O'Lakes(R) and NesQuik(TM).

Morningstar and National Refrigerated Products

Branded value-added and private label extended shelf life flavored and single serve milk, soymilk, lactose-free milk, sour cream, cottage cheese, dips, yogurt, egg substitute, half-and-half, coffee creamers, aerosol and pre-whip topping

Brands: Dairy Pure(R), Dean Foods Ultra(R), Dean Dips, Dips for One(TM), Easy 2%(R), IMO(R), International Delight(R), Marie's(R), Mocha Mix(R), Naturally Yours(R), Rod's(R), Second Nature(R) and Sun Soy(R). Licensed products include Grip'n Go(R), Hershey's(R) and Folgers (R) Jakada(TM).

International and Puerto Rico Branded and value-added UHT milk Brands: Suiza Dairy(R) in Puerto Rico>

Specialty Foods Group

Pickles, non-dairy coffee creamers, puddings and sauces

Brands: Private label pickles and regional brands including Arnold's(R), Atkins(R), Aunt Jane's(R), Bennetts (R), Cates(R), Dailey(R), Heifetz(R), Nalley's(TM), Paramount(R), Peter Piper's(R), Rainbo(R), Roddenbery's (R), Schwartz's(R) and Steinfeld's(TM).

SOURCE Suiza Foods Corporation and Dean Foods Company

CONTACT: Cory Olson, +1-214-303-3645, or P.I. Aquino, +1-214-303-3437, both of Suiza Foods Corporation; or Barbara Klein, +1-847-233-5263, or William Luegers, +1-847-233-5361, both of Dean Foods Company URL: http://www.suizafoods.com http://www.prnewswire.com